

**FISCAL NOTE**  
**SB 59 - HB 87**  
**FIRST EXTRAORDINARY SESSION**

April 12, 1999

**SUMMARY OF BILL:** Proposes to add a provision to the Tennessee Code to establish a scholarship fund for disadvantaged children to attend private schools. The Commissioner of Revenue would determine eligibility standards and award scholarships. The scholarships would be funded from revenue derived from those paying a \$1,000 fee to enter the program. Such taxpayer would then be entitled to claim a credit of up to one-half of the tuition paid to a private school against that person's Tennessee income tax liability. The act would take effect July 1, 1999.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - Exceeds \$100,000**

**Increase State Expenditures - \$201,200 Recurring  
\$335,000 One-Time**

Estimate assumes:

- The total decrease in state revenues is unable to be determined but can be estimated to exceed \$100,000. If a taxpayer received a \$2,500 tax credit for enrolling a child in private school and paying tuition, it would take approximately 40 tax credits to exceed \$100,000.
- A one-time increase in state expenditures of approximately \$335,000, of which \$321,000 is MIS systems implementation costs and \$14,000 is audit costs.
- A recurring increase in state expenditures for auditing costs of approximately \$201,200.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director